



WESTERN AREA POWER ADMINISTRATION
An agency of the U.S. Department of Energy

Sierra Nevada Region

Scheduling Coordinator (SC) and Portfolio Management (PM) Cost Analysis

Identification of Scheduling Coordinator and Portfolio Management Costs



- Power Marketing (N6000) – Labor
- Information Technology (N2000)
 - Labor
 - IT Systems – Maintenance Costs
 - IT Systems – Capital Costs

Analysis of Scheduling Coordinator and Portfolio Management Costs



- Analysis was based on work effort and verified with respective staff and supervisors
- Labor for Power Marketing (N6000) and Information Technology (N2000) were determined:
 - Identified annual salaries and overhead costs of staff
 - On work effort basis each staff member's time was then identified/assigned to either the scheduling coordinator or portfolio management service functions as an annual percentage
 - Percentage was applied as a portion of annual salaries
 - The labor costs were then further delineated into either Obligatory or Elective service categories

Analysis of Scheduling Coordinator and Portfolio Management Costs (continued)



- IT System Costs – Maintenance (Annual Expenses)
 - Identified Systems supporting SC or PM functionality and their annual maintenance costs
 - On percentage basis, identified/estimated system resources dedicated to supporting either the scheduling coordinator or portfolio management service functions
 - Applied the percentages against annual maintenance costs
 - The annual system maintenance costs were then further delineated into either Obligatory or Elective service categories

Analysis of Scheduling Coordinator and Portfolio Management Costs (continued)



- IT System Costs – Capital Costs
 - Identified systems supporting SC or PM functionality and their capital costs and annual costs were estimated by dividing total costs into the service life
 - On percentage basis, identified/estimated system resources dedicated to supporting either the scheduling coordinator or portfolio management service functions
 - Applied the percentages against annual costs
 - The annual costs were then further delineated into Obligatory or Elective service categories

Obligatory Scheduling Coordinator Services



- Scheduling Coordinator service required by statutory, regulatory and/or grandfathered legacy contractual obligations:
 - WSNR – Supports Sub-Balancing Area, and firming Base Resource deliveries (Real-Time generation/project -use load changes)
 - WPUL – Project-Use loads in the CAISO
 - WSLW – Contract 2207A transmission service contract (Project Use loads and generation)

Obligatory Scheduling Coordinator Services



- WTRN – 1st Preference Customer Load Obligations
- WFLS – 1st Preference Customer Load Obligations portion
- WPAC – Western's 400 MW of transmission scheduling rights on the Pacific AC Intertie
- WNML – Contract P0004 transmission service contract (delivers generation from New Melones)
- WMKT – FERC Settlement requires Western to schedule BR with the CAISO/PG&E for these loads

Elective Scheduling Coordinator Services



- Scheduling Coordinator services offered by Western under a Custom Product contract:
 - WDIS-Displacement service
 - WDOE-Dept of Energy
 - WNAS-NASA
 - WFLS-Full load service including Federal entities
 - WEPA-Eastside Power Authority
 - WRDG-Redding
- Note: Western provides this service on a cost-reimbursable basis to other Federal entities in accordance with the provisions of the Federal Economy Act

Scheduling Coordinator Costs

Obligatory versus Elective



| | Scheduling Coordinator Functions (Obligatory) | Scheduling Coordinator Functions (Elective) |
|---|---|---|
| Power Marketing – Labor | \$827,335.43 | \$927,141.59 |
| Information Technology (IT) – Labor | \$129,297.44 | \$102,941.74 |
| IT Systems – Maintenance Costs | \$128,654.82 | \$103,391.61 |
| IT Systems – Capital Costs | \$279,596.00 | \$183,309.28 |
| Total | \$1,364,883.68 | \$1,316,784.21 |
| Estimated Revenues Collected based on Current Charges | \$253,182.09 | \$1,009,562.18 |
| Shortfall | n/a | \$307,222.03 |
| Percent Increase | n/a | 30.43% |
| | | |
| New Scheduling Coordinator Charge | | \$4,926.34 |



Scheduling Coordinator Costs

Factors Contributing to our Need to Increase Rates

- Labor Costs increased by 10% (COLAs)
- Annual incremental increase in System Maintenance costs
- Workload complexity due to MRTU and other CAISO market enhancement initiatives
 - Administering /Managing CRRs
 - Volume/Work Effort supporting Settlements function
 - Volume/Work effort associated with verifying Bids/Awards
 - Master File Resource ID Tracking
 - Enhanced CAISO requirements for ETCs (TRTC instructions)

Obligatory Portfolio Management Services



- Portfolio Management service required by statutory, regulatory and/or grandfathered legacy contractual obligations include:
 - Managing Merchant Portfolio (CVP generation scheduling, Firming Base Resource deliveries, gen/Project Use load changes)
 - Forecasts of CVP Generation, Project Use loads, and 1st Preference loads

Obligatory Portfolio Management Services



- In addition to Reclamation, DWR can also make changes for Project-Use load/generation under Contract 2207A transmission service contract
- Load/Resource balancing for 1st Preference Customer Load Obligation

Elective Portfolio Management Services



- Portfolio Management service offered by Western under a Custom Product contract:
 - WDOE
 - WNAS
 - WFLS

Portfolio Management Costs

Obligatory versus Elective



| | Portfolio Management Functions (Obligatory) | Portfolio Management Functions (Elective) |
|---|---|---|
| Power Marketing – Labor | \$237,635.45 | \$369,488.21 |
| Information Technology (IT) – Labor | \$26,111.81 | \$53,487.59 |
| IT Systems – Maintenance Costs | \$19,013.71 | \$33,940.57 |
| IT Systems – Capital Costs | \$81,829.04 | \$111,722.63 |
| Total | \$364,590.00 | \$568,639.00 |
| Estimated Revenues Collected based on Current Charges | \$0.00 | \$463,800.00 |
| Shortfall | n/a | \$104,839.00 |
| Percent Increase | n/a | 22.60% |
| | | |
| New Portfolio Manager Charge | | Will vary by individual customer contract |



Portfolio Management Costs

Factors Contributing to Need to Increase Rates

- Labor Costs increased by 10% (COLAs). Increase already passed on to customers in April 2009.
- Annual incremental increase in System Maintenance costs
- Workload complexity due to MRTU and other CAISO market enhancement initiatives
 - Administering/Managing CRRs
 - Volume/work effort verifying Bids and Awards